

The President's Daily Brief

8 November 1973

45

25X1

~~Top Secret~~

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

8 November 1973

PRINCIPAL DEVELOPMENTS

Israel continues to fear another Egyptian attack, and Syrian military officers are looking for a pretext for a new round of fighting. In Cairo, attention focused yesterday on Secretary Kissinger's visit--called "fruitful and constructive" by President Sadat--and on the agreement to exchange ambassadors. (Page 1)

The EC foreign ministers apparently believe that the generally pro-Arab resolution they adopted on Tuesday will lead Arab oil producers to ease the fuel shortage facing all EC members, particularly the Dutch. (Page 3)

The Soviets have broached a three-stage proposal for force reductions in Europe from 1975-1977. Moscow's plan is ambiguous on several points and conflicts with NATO's approach in many key respects. (Page 4)

Cambodian Government forces have suffered several setbacks recently. The insurgents continue to threaten an all-out military effort during the dry season just starting. (Page 5)

In Laos, the government has edged closer to full implementation of the peace agreement, but obstacles remain. (Page 6)

Two Soviet naval ships on a midshipmen training cruise have made port calls in Peru and Ecuador. The Soviets use such cruises as a low-key way of showing the flag. (Page 7)

Notes on the European Communities, Portugal, Chile, Japan, and Turkey appear on Page 8.

FOR THE PRESIDENT ONLY

25X1

FOR THE PRESIDENT ONLY

ARAB STATES - ISRAEL

The Israelis continue to anticipate an Egyptian attack, and Syria is reportedly preparing contingency plans for renewed fighting. In Cairo, attention focused yesterday on Secretary Kissinger's visit--called "fruitful and constructive" by President Sadat--and on the agreement to exchange ambassadors.

An Israeli Defense Ministry official has claimed that within the past few days over 500 Egyptian tanks have deployed west of Israeli positions on the west bank of the Suez Canal. Egyptian forces there are said to be equipped with surface-to-air missiles. Moreover, north of Deversoir the Egyptians have concentrated "tens" of artillery batteries, possibly to attack Israeli bridges across the Canal.

25X1

Should hostilities resume, Cairo would certainly want to isolate Israeli forces on the west bank. The Egyptians may think they can achieve this by intensive artillery shelling of Israeli bridges, and an armored thrust to capture Deversoir.

The Israeli Air Force chief told a US official yesterday that the air force will not launch a pre-emptive strike against Egypt. He added, however, that he expects the Egyptians to attack as soon as Secretary Kissinger leaves Cairo, and warned that the Israelis would fight "with the gloves off."

In Syria, military officers are said to be looking for a pretext for another round of fighting. []

25X1

[] the Syrians have plans to penetrate rapidly into Israel proper and are prepared to bomb military and civilian targets inside Israel. President Asad []

25X1

[] that the Israeli salient into Syria is vulnerable to counterattack. Despite Syria's heavy economic losses, Asad said, a good part of the army is intact and capable of fighting. President Asad added that the Soviets have brought Syria's aircraft inventory almost back to pre-war levels.

25X1

25X1

[] Moscow has also given 687 T-62 tanks, a number of new antitank weapons and SA-6 missiles, new naval equipment, MIG-17

25X1

FOR THE PRESIDENT ONLY

aircraft, and MI-8 helicopters modified to carry bombs and rockets. Some 480 Soviet officers and civilian experts, many of whom will help Damascus organize a "new air force," have reportedly arrived in Syria since the cease-fire. The Syrian source also claims that three Soviet-piloted MIG-25 high-altitude reconnaissance aircraft have been stationed

25X1

Iraq has decided to return its troops to the Syrian front, [REDACTED]

[REDACTED] The move apparently came in response to the urgings of Presidents Qadhafi and Boumediene, who visited the Iraqi capital separately over the weekend. The Iraqis are insisting on participating in future inter-Arab planning. They were angered when the cease-fire took them by surprise.

25X1
25X1

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EC - MIDDLE EAST

The EC foreign ministers apparently believe that the generally pro-Arab resolution they adopted on Tuesday will lead the Arab oil producers to ease the fuel shortage facing all EC members, particularly the Dutch.

[REDACTED] 25X1
the French gave "assurances" that the Arabs, in return for the declaration, would see to it that Europe, including the Dutch, would not lack for oil. The French may have indicated that the Arabs would acquiesce in some quiet help for the Dutch by the Community. EC Commissioner for Energy Simonet believes that such aid will be forthcoming, despite British and French opposition to Dutch demands for Community solidarity on oil supplies.

The atmosphere at the Brussels meeting was reported to be especially tense when the French proposed that the Nine seize the occasion to dissociate themselves from the US and establish an independent position embracing neutrality on the Middle East, both with respect to the superpowers and to the Arabs and Israelis. The French linked this idea with their proposal to develop alternative sources of energy by constructing a \$2-billion gaseous diffusion plant to supply Europe with enriched uranium. The other council members demurred, despite the evident desire of some to distance themselves from the US.

FOR THE PRESIDENT ONLY

USSR - FORCE REDUCTIONS

The Soviets have given US negotiators in Vienna a preview of proposals they will table at today's session. Chief delegate Khlestov outlined a three-stage program for force reductions from 1975-1977. It calls for a symbolic reduction of 20,000 men by each of the direct participants in the talks as a first step. Both sides would follow this with second and third phase reductions of five and ten percent respectively. An agreement covering all three stages would be concluded as a whole.

Khlestov's definition of the area of reductions appears to include only territory of direct participants, thus excluding Hungary. He indicated that all forces, including air and those with nuclear arms would be involved. Forces would be reduced in units, with stationed (primarily US and Soviet) forces sent home and units of other countries "demobilized."

The Soviet plan, as presented informally by Khlestov, contains several ambiguities, and conflicts with NATO's approach on many key points. The proposal apparently does not distinguish between stationed and indigenous forces during the first phase of reductions. NATO has agreed that Soviet and US forces should be reduced first. East European delegates at the Vienna talks have already branded that approach unacceptable, [REDACTED]

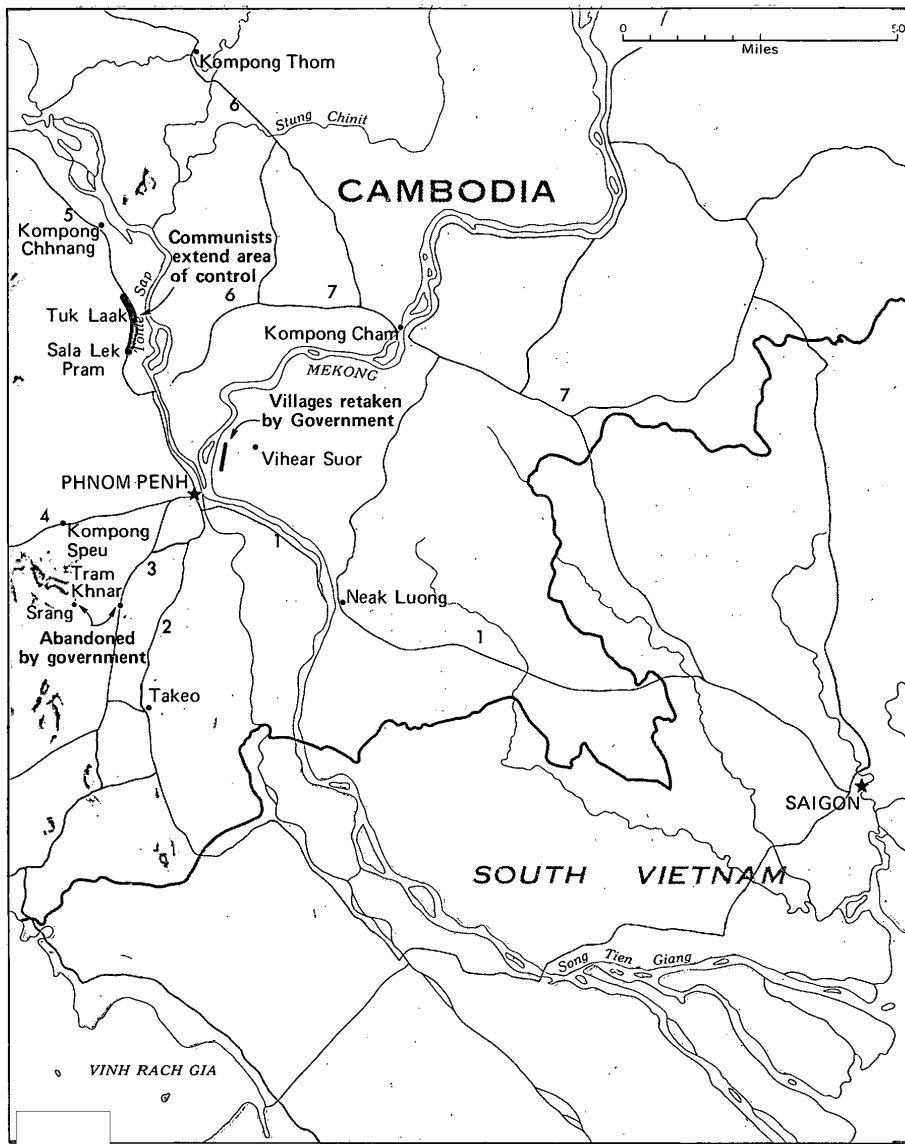
25X1

[REDACTED] In addition, NATO has agreed that not more than ten percent of its forces should be reduced, and is against including air forces.

25X1

Moscow's proposal implicitly rejects NATO's preference for asymmetrical reductions to compensate for important Warsaw Pact advantages. Moreover, the Soviet initiative apparently makes no allusion to constraints, i.e., measures limiting certain types of military activity, which are an important aspect of NATO's negotiating position. Similarly, except for a proposal on giving notification as reductions are implemented, there is no mention of verification--another sensitive matter in NATO's view.

The initial reaction of NATO representatives who were informed of the Soviet proposal was that NATO should table its own proposal soon.



25X1

*FOR THE PRESIDENT ONLY***CAMBODIA**

Government forces have suffered several setbacks recently. On November 4, government troops were forced out of Tuk Laak, north of Phnom Penh on Route 5. The insurgents now hold an 11-mile section of the highway, and the government apparently has given up any hope of reopening it this year.

On November 3, rebels also drove government units out of Tram Khnar, southwest of Phnom Penh on Route 3. About 1,300 troops and 3,000 civilians had been there, and only a few hundred have made their way back to friendly lines. Intercepted messages indicate that the Communists may have captured as many as 900 prisoners and much military equipment. In addition, the town of Srang was evacuated yesterday. There were 700 troops and 4,000 civilians at Srang, which was the last government enclave in the area. Although the loss of these towns will have little effect on the tactical situation, these reverses are bound to demoralize the Cambodian Army.

Closer to Phnom Penh, government forces have pushed the insurgents back on the east bank of the Mekong, recapturing several villages within ten miles of the capital. The Communists, however, are continuing to harass Vihear Suor, the government's main garrison in this area. Government attempts to retake ground south of the capital have been unsuccessful.

The insurgents continue to threaten publicly an all-out military effort during the dry season just starting. Sihanouk's in-country "Defense Minister" has called for attacks in "areas surrounding Phnom Penh" and against provincial capitals, as well as intensified efforts to block land and river access to Phnom Penh.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

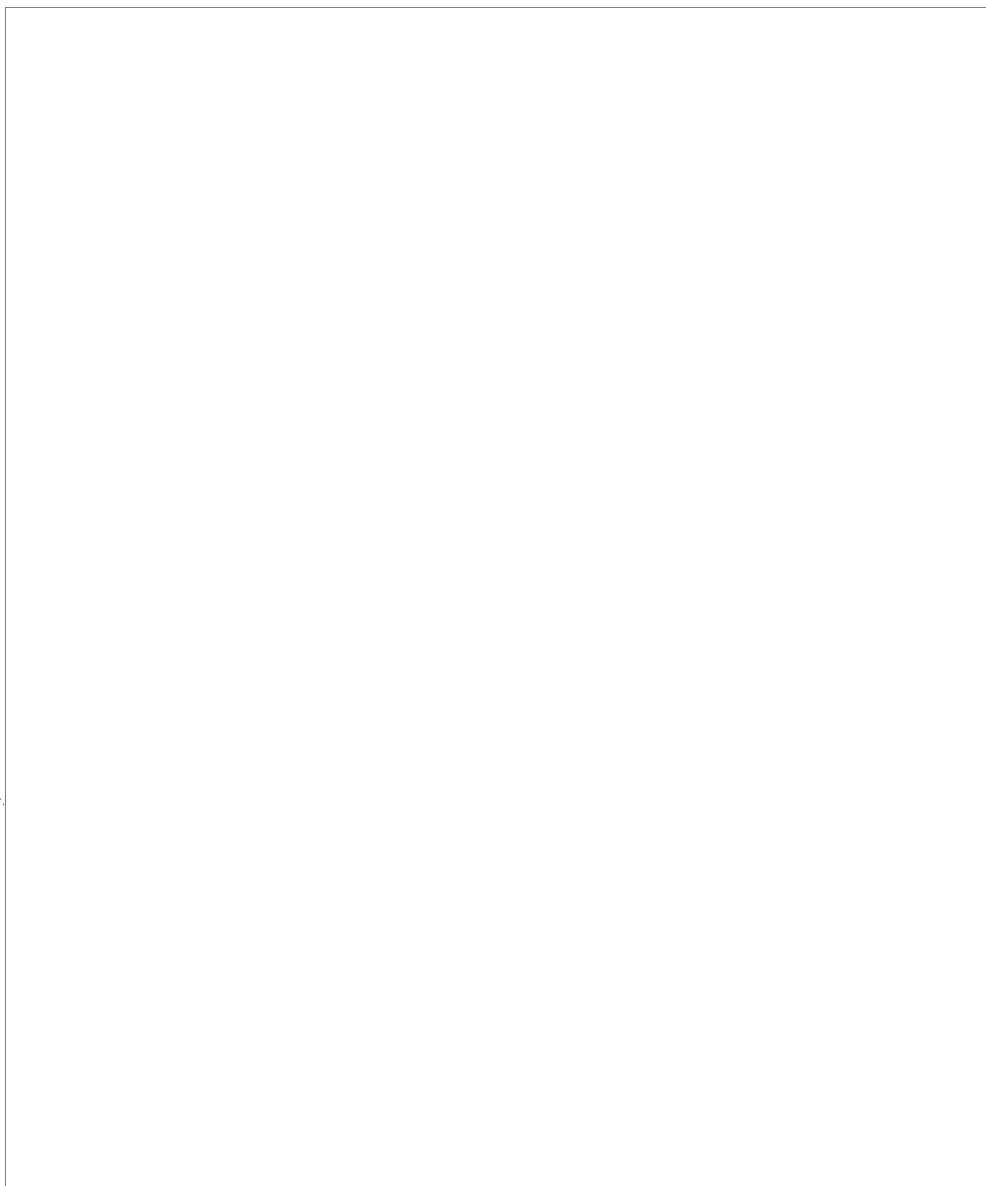
LAOS

The government has edged closer to full implementation of the peace agreement, but several obstacles remain. On November 6, the National Assembly passed a resolution generally supporting the peace agreements and the principle of a new coalition government. The resolution is a good deal less than a ringing endorsement, but Prime Minister Souvanna will no doubt claim it fulfills the constitutional requirement for Assembly approval before a new coalition government can be invested by the King.

Souvanna has not yet been able to name his new cabinet, however. The Communists have refused to provide the names of their candidates until all their security and administrative personnel have arrived and been properly lodged in Vientiane and Luang Prabang. The Communists have stated, however, that when the current airlift is completed next week, they will agree to activate formally the Joint Committee to Implement the Agreement. This should satisfy those military leaders who see the Joint Committee as the only legal mechanism for controlling the movement of Communist personnel in Vientiane and Luang Prabang.

The November 6 resolution calls for continued consultation between Souvanna and the Assembly. Some deputies believe that Souvanna will have to obtain Assembly approval, presumably by calling a special session, when he is ready to form his new government. With the King's backing, however, Souvanna has the authority to choose ministers without consulting the Assembly.

25X1

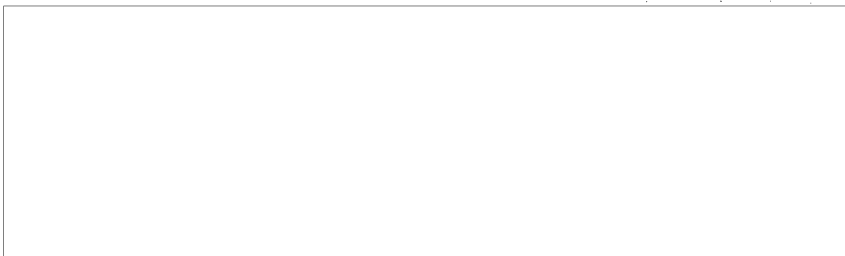


FOR THE PRESIDENT ONLY

USSR - LATIN AMERICA

A Soviet submarine tender and a naval oiler on a midshipmen training cruise have completed port calls in Peru and Ecuador and are returning to Vladivostok. After the Chilean coup of September 11, the military junta canceled the ship's scheduled visit to Santiago.

This is the second Soviet naval visit to Latin America this year. Last winter, another tender with midshipmen aboard called at Rio de Janeiro, and later at Cienfuegos, Cuba. The Soviet Navy uses these training cruises as a low-key method of showing the flag.



25X1

FOR THE PRESIDENT ONLY

NOTES

European Communities: EC foreign ministers agreed this week on most of the proposed tariff concessions aimed at compensating non-EC countries for higher export costs resulting from the increase in Community membership last January. The EC may make a formal offer soon. The proposed concessions cover several commodities--trucks and plywood, for example--which the US exports. They avoid others, however, and the reductions themselves will fall far short of US desires. The EC is likely to present its offer as final, but there are signs that strong adverse reaction from non-EC countries could force a reappraisal.

Portugal: Arab oil producing states have reportedly embargoed petroleum shipments to Portugal because of its cooperation with the US in the resupply of Israel. Access to Angolan oil, however, which is ample to meet Portugal's needs, should overcome any problems the embargo may create.

Chile: Brazil and Argentina are ready to extend additional credits to Chile totaling \$442 million, These credits, added to \$171 million from US and Canadian banks and another \$75 million under consideration by the banks, would bring total credits to some \$688 million. Over \$200 million of the Brazilian-Argentine total is earmarked for capital goods imports, essential for Chile's economic recovery.

25X1

Japan: Controls on foreign capital inflows are being eased in response to the weakening of the yen and the decline in official foreign exchange holdings. Tokyo has removed all limits on stock purchases by foreigners, dropped the requirement that foreign bonds sold in Japan be converted into dollars, and relaxed the limit on prepayments for exports. Official reserves declined by \$750 million in October and have continued to drop this month. If the yen does not soon stabilize, a further loosening of restrictions is likely.

(continued)

FOR THE PRESIDENT ONLY

Turkey: Republican Peoples Party leader Ecevit's attempts to form a coalition government have failed, and he has asked President Koruturk to relieve him of responsibility as formateur. Koruturk may now ask a leader from the center or right to form a government. If no one can put together a majority coalition, political leaders might agree on an "above parties" government similar to the regime of the past two years.

Top Secret